

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

-----X  
In re:

Chapter 11  
Case No.: 23-72433-reg

SPROUT MORTGAGE LLC,

Debtor.  
-----X

**ORDER HOLDING SHEA PALLANTE IN CONTEMPT  
FOR HIS FAILURE TO COMPLY WITH PRIOR ORDERS OF THE COURT  
AND GRANTING FURTHER RELIEF**

WHEREAS, Allan B. Mendelsohn, in his capacity as the interim chapter 7 trustee (the “Trustee”) sought the entry of an Order pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) authorizing the Trustee to serve a subpoena (the “Subpoena”) upon Shea Pallante, the witness (“Pallante”) directing his appearance for an oral deposition and directing his production of documents; and

WHEREAS, the Court issued an Order pursuant to Rule 2004 of the Bankruptcy Rules on August 29, 2023 (the “2004 Order”); and

WHEREAS, the Trustee served the 2004 Order and the Subpoena issued pursuant thereto which Subpoena required Pallante to produce documents not later than fourteen (14) days from the date of the Order and further directed Pallante to appear for an oral deposition; and

WHEREAS, Pallante failed or refused to comply with the Subpoena insofar as he failed to produce documents and appear for an oral deposition; and

WHEREAS, the Trustee provided an opportunity to Pallante to cure his default by letter dated August 30, 2023; and

WHEREAS, Pallante failed to cure the default; and

WHEREAS, the Trustee filed an application seeking to hold Pallante in contempt for his failure to comply with the Court's August 29, 2023, Order and further sought to compel Pallante to produce the documents and appear for an oral deposition; and

WHEREAS, by Order dated October 20, 2023, the Court converted the instant case from one under chapter 7 of the Bankruptcy Code to one under chapter 11 of the Bankruptcy Code; and

WHEREAS, Allan B. Mendelsohn, was appointed the operating trustee (the "Operating Trustee") of the chapter 11 case; and

WHEREAS, the Operating Trustee has adopted the prior applications of the Interim Trustee, including, but not limited to the underlying application made herein pursuant to Rule 2004 of the Bankruptcy Rules; and

WHEREAS, the Court held a hearing to consider the application to hold Pallante in contempt and to compel his compliance with the 2004 Order and the Subpoena, on October 25, 2023, and there was no appearance by Pallante or anyone on his behalf, nor was any response or opposition interposed to the relief sought; and

WHEREAS, the Court considered the arguments of counsel and determined that relief should be granted; and

WHEREAS, the Court entered an Order directing Pallante to produce those documents demanded pursuant to the Subpoena by not later than November 2, 2023, by delivering same to The Kantrow Law Group, PLLC, 732 Smithtown Bypass, Suite 101, Smithtown, New York 11787; and;

WHEREAS, the Court further Ordered Pallante to appear for an oral deposition on November 14, 2023; and

WHEREAS, the Court directed the Trustee that in the event that Pallante failed to appear for the oral deposition on November 14, 2023, he was to file an affidavit of non-compliance with the Court and the Court would consider the entry of a further Order granting additional relief to the Trustee; and

WHEREAS, the Trustee filed an affidavit of non-compliance and the Court held a hearing, on notice to Pallante, on November 29, 2023, at which hearing Pallante or anyone on his behalf failed to appear nor did Pallante interpose any response or pleading of any kind in connection with his failure to comply with prior Orders of the Court; it is therefore

**ORDERED** that a sanction in the amount of \$500.00 per day is hereby imposed upon Pallante, retroactive to October 30, 2023, continuing until such time as Pallante complies with the prior Orders of this Court; and it is further


**ORDERED** that the Trustee shall be entitled to the entry of a money judgment against Pallante for the sanction amounts which money judgment shall be enforceable by the Trustee pursuant to the applicable laws of execution of a money judgment in the appropriate jurisdiction; and it is further

**ORDERED** that in the event that Pallante continues to ignore the Orders of this Court, the Court may direct that he be arrested and detained in the jurisdiction in which he is domiciled and shall remain in custody until such time as the Trustee can arrange to take his deposition in said jurisdiction; and it is further

**ORDERED** that the Court shall retain jurisdiction over this matter to enforce the provisions of this Order and the Court's prior Orders as to Pallante.

Dated: Central Islip, New York  
December 1, 2023



  
Robert E. Grossman  
United States Bankruptcy Judge